

**ABSTRACT OF THE INVENTION**

A system and method for compressing data packet headers in a lossy environment comprises circuitry that initially transmits a data packet with a full header and subsequently transmits data packets with compressed headers. The compressed headers include information that details the differences between the subsequent packets and the original full packet. Accordingly, each subsequent packet has a header whose differences are based upon the original full header of the first packet. Accordingly, a base station transceiver system includes circuitry for transmitting and receiving data packets utilizing the described header compression algorithm.

Similarly, a mobile terminal is formed to receive and transmit data packet headers compressed in this manner.